

[COMMITTEE PRINT]

107TH CONGRESS }  
1st Session } HOUSE OF REPRESENTATIVES

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OVERSIGHT PLAN FOR THE COMMITTEE ON FINANCIAL  
SERVICES FOR THE ONE HUNDRED SEVENTH CONGRESS

February \_\_, 2001.—Approved by the Committee on Financial  
Services

Mr. OXLEY, from the Committee on Financial Services, submitted to  
the Committee on Government Reform and the Committee on House  
Administration the following

REPORT

Clause 2(d)(1) of rule X of the Rules of the House requires each standing Committee, not later than February 15 of the first session, to adopt an oversight plan for the 107<sup>th</sup> Congress. The oversight plan must be submitted simultaneously to the Committee on Government Reform and the Committee on House Administration.

The following agenda constitutes the oversight plan of the Committee on Financial Services for the 107<sup>th</sup> Congress. It includes areas in which the Committee and its subcommittees expect to conduct oversight during this Congress but does not preclude oversight or investigation of additional matters or programs as they arise. The Committee will consult, as appropriate, with other committees of the House that may share jurisdiction on any of the subjects listed below.

## MONETARY POLICY ISSUES

*Federal Reserve's Conduct of Monetary Policy.* The Committee will hold hearings on the Federal Reserve Board's (Fed's) semi-annual reports on the conduct of U.S. monetary policy. The Chairman of the Board of Governors will appear regularly before the Committee to address issues associated with monetary policy and the state of the economy, such as past and prospective developments in employment, productivity, and investment.

## INTERNATIONAL FINANCIAL ISSUES

*Annual report and testimony by the Secretary of the Treasury on International Monetary Fund (IMF) Reform and the State of the International Financial System.* The Committee will review and hold hearings on the annual reports to Congress from the Secretary of the Treasury on the IMF and the state of the international financial system. Pursuant to Section 613 of Public Law 105-277, the Committee will hear annual testimony from the Secretary of the Treasury on: (1) progress made in reforming the IMF; (2) the status of efforts to reform the international financial system; and (3) compliance by borrower countries with the terms and conditions of IMF assistance.

*Reauthorization of the Export-Import Bank of the United States.* With the authority of the Export-Import Bank of the United States set to expire at the end of FY 2001, the Committee will review the merits of extending and revising the charter of the Bank. In particular, the Committee will examine the extent to which the Bank's competitiveness has been eroded through the use of "untied aid" arrangements by foreign export credit agencies, as well as the development of so-called "market window" lending institutions by several trade competitors. In addition, the Committee will assess the appropriateness of current guidelines under which the President (acting through the Secretary of State) may block Exim financing because of foreign policy considerations.

*U.S. Contributions to the International Financial Institutions.* The Committee will review U.S. participation in, and the effectiveness of U.S. policy toward, the IMF, the World Bank Group, and the regional development banks.

*Trade in Financial Services.* The Committee will review Administration efforts in the World Trade Organization (WTO) Services Negotiations, and through bilateral agreements (such as the proposed free trade agreements with Chile and Singapore, and the secret memorandum developed as part of the United States – Japan bilateral

insurance agreement) to achieve market-opening liberalization in financial services. The Committee will include in its review current efforts to open foreign insurance markets and maintain transparency in insurance regulation and negotiation.

*International Financial Services Privacy.* The Committee will review the implementation and negotiation of international privacy standards, and the application of those standards to American companies. The review will be conducted in coordination with the Committee's oversight of the financial privacy provisions of the Gramm-Leach-Bliley Act (GLB) discussed below.

*Coordination of International Financial Services Programs.* The Committee will review the coordination among various Executive branch agencies in promoting financial services trade, including the priority and rank of such programs and program officials.

*World Bank AIDS Trust Fund.* The Committee will monitor and conduct necessary oversight activities regarding the implementation of legislation passed by the 106<sup>th</sup> Congress (Public Law 106-264) to authorize an international trust fund, led by the U.S. and other donors, to address the AIDS crisis through support of HIV/AIDS prevention, education and treatment efforts in sub-Saharan Africa and other hard-hit regions.

*Holocaust Claims.* The Committee will actively review efforts to ensure that restitution is made to Holocaust victims and heirs for confiscated bank accounts or payable insurance claims.

## ECONOMIC GROWTH

*Capital Formation.* The Committee recognizes that capital formation is a crucial economic issue, particularly in the global information economy. New businesses must be able to attract capital to enter the marketplace. Established businesses must be able to attract capital to expand and compete. The Committee will closely examine all laws, policies, and regulations within its jurisdiction to encourage capital formation and eliminate barriers to it.

*Investment Company Act of 1940 and New Economy Businesses.* The Committee will review the impact of the Investment Company Act of 1940 on "incubator funds" and other capital formation vehicles that have been important to new economy businesses.

*Development of Economic Opportunities.* The Committee will review economic development programs under the Committee's

jurisdiction, including programs administered by the Appalachian Regional Commission, the Economic Development Administration, and the newly created Delta Regional Authority.

*Community Development Financial Institutions (CDFI) Fund and Microenterprise Lending.* In reviewing the expired authorization of the CDFI Fund, the Committee will examine the record of the Fund in implementing reforms pledged in 1997 to eliminate irregularities in the grant making process identified during the course of an investigation by the Subcommittee on General Oversight. In addition, the Committee will examine the implementation of a new microenterprise lending program — the Program for Investment in Microentrepreneurs Act, otherwise known as the PRIME Act — that was included in GLB.

*Reauthorization of the Defense Production Act.* The Committee will review the performance of the Defense Production Act in preparation for its possible reauthorization.

## FINANCIAL SERVICES INDUSTRY/CONSUMER PROTECTION

### FINANCIAL INSTITUTIONS

*Implementation of Gramm-Leach-Bliley Act (GLB).* The Committee will undertake a comprehensive review of implementation of the Gramm-Leach-Bliley Act (Public Law 106-102), the landmark financial modernization legislation enacted in the 106th Congress. Among the issues that may be examined are regulatory and industry implementation of the Act's provisions governing financial privacy, merchant banking, financial holding company requirements, insurance sales practices of depository institutions, and Community Reinvestment Act (CRA) sunshine provisions. The review may also identify potential changes to GLB to facilitate innovation in the financial services sector while protecting the safety and soundness of financial institutions.

*Financial Privacy and Consumers.* In addition to reviewing implementation of the privacy provisions of GLB, the Committee will hold hearings to identify and address existing and emerging threats to the privacy of financial information and assess the adequacy of governmental and industry efforts to combat such threats. The Committee will consider whether further reforms may be needed to protect consumer identities and to allocate further responsibility for protecting and fixing consumer credit after an identity theft occurs. The Committee will consult, as appropriate, with other relevant Committees in addressing these issues.

*Electronic Signatures Legislation: Effect on Financial Services Industry.* In light of the recent enactment of the Electronic Signatures in Global and National Commerce Act (Public Law 106-229), the Committee will ensure that the financial services industry is able to provide new services to consumers without the potentially anti-competitive obstacles of outdated statutes and amend those statutes as needed.

*Money Laundering.* The Committee will review enforcement of anti-money laundering laws and regulations, including the annual National Money Laundering Strategy submitted by the administration pursuant to 31 U.S.C. § 5341 (Public Law 105-310).

*Contract Netting Improvement.* The Committee will review banking and bankruptcy insolvency laws with respect to the termination and netting of financial contracts. Legislation which would have ensured the orderly disposition of financial contracts held by bankrupt counterparties passed the House three times in the 106<sup>th</sup> Congress, and passed the Senate as part of a comprehensive bankruptcy reform package which was vetoed by the previous Administration.

*Deposit Insurance Reform.* The Committee will conduct a comprehensive analysis of all aspects of Federal deposit insurance to determine whether any changes to the system are necessary. The Committee seeks to ensure the continued safety and soundness of the financial system and reduce the possibility of a crisis similar to the savings and loan debacle of the late 1980's and early 1990's. The review will encompass issues relating to the banking, thrift, and credit union industries. Some of the specific issues that may be included in this analysis are: (1) merger of the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF) to reduce the risk of fund insolvency; (2) options regarding deposit insurance pricing and coverage; (3) the appropriateness of the current minimum ratio of the funds to insured deposits and the effect of changes in the deposit insurance system on the reserve ratio.

*Benefits and Risks of Industry Consolidation.* The Committee will review the benefits derived from consolidation in the financial services industry as well as the findings of a G-10 report on potential systemic risks associated with consolidation. Potential issues for oversight include financial institution examinations, market discipline, taxpayer liability, and global implications.

*State of the Industry.* The Committee will require the Federal regulators to report periodically on the state of the banking, thrift, and

credit union industries in order to alert Congress to any emerging weaknesses in the financial sector and supervisory measures being taken to counter such weaknesses. Recent reports on weaknesses in credit quality and decreased earnings performance highlight the need to exercise Congressional oversight. Conflicting issues, such as tightened underwriting standards versus the potential for a credit crunch, illustrate the complexity and importance of such oversight. Additionally, recent warnings on credit quality underscore the importance of ensuring that bank regulators and bank management have sufficient flexibility to set appropriate levels of loan loss reserves. Finally, the Committee will continue to monitor proposed changes to accounting standards relating to loan loss reserves.

*The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994.* This statute updated Federal law to provide a framework for mergers and acquisitions of banks across State lines. The Committee will review whether the widespread use of the Internet and the evolution of the financial services industry since enactment of this law have made its provisions obsolete. Additionally, the Committee will review redundant geographic restrictions under the Home Owners' Loan Act (HOLA), national and State caps on deposit concentrations, and issues relating to preemption of State laws by the Office of Thrift Supervision (OTS) and the Office of Comptroller of the Currency (OCC).

*Credit Unions.* The Committee will continue its oversight of the implementation of the Credit Union Membership Access Act of 1998 by the National Credit Union Administration (NCUA). Other issues relating to the credit union industry will also be reviewed, including powers of Federally-chartered credit unions versus State-chartered institutions.

*Fair Credit Reporting Act (FCRA).* The Committee will conduct a comprehensive review of the FCRA, with a focus on such issues as legislation pertaining to the Federal Trade Commission staff opinion letter (the so-called "Vail letter") relating to employer investigations of employee misconduct, the accuracy of consumer credit reports, and the disclosure of credit scores.

*Fair Debt Collection Practices Act (FDCPA).* The Committee will review this statute, particularly in view of the growth of routine bundling and selling of loans by the loan originator. The intent of the analysis will be to ensure that the protections of this law remain for true debt collectors, while not inadvertently hindering other entities that are involved in purchasing or servicing loans. For example, the Committee

is aware of compliance problems encountered by first lien residential loan services.

*Brokered Certificates of Deposit.* The Committee will review whether adequate protections and disclosures exist for purchasers of brokered CDs.

*Regulatory Burden Reduction.* The Committee will continue to analyze measures to reduce unnecessary burdens resulting from outdated and unnecessary laws and regulations. Included in this area are proposals to end the prohibition on banks paying interest on business checking accounts and to permit the Federal Reserve to pay interest on reserves of depository institutions held at Federal Reserve Banks.

*"Know-Your-Customer" Rules.* The Committee will monitor the development of so-called "know-your-customer" regulations by the banking regulators.

*Ergonomics Rule and the Financial Services Industry.* The Committee will review the regulatory impact, including potential costs and benefits, of the new Federal ergonomics rule on the financial services industry.

#### SECURITIES

*Securities Market Structure.* The Committee will initiate a comprehensive review of the regulatory structure of the National Market System with an eye toward overhauling the Securities Exchange Act of 1934 to promote greater competition, efficiency and transparency in the securities markets.

*Improving Market Interconnection and Competition.* The Committee will review the intermarket trading system which connects various market centers and consider how that system can be improved to take better advantage of modern technologies and thereby promote greater competition and efficiency in the marketplace.

*Regulatory Conflicts Arising From Increasing Convergence of Financial Services Firms.* The Committee will examine the implications of increasing affiliations among financial services firms in the wake of GLB. Included in this review will be the implications for investors of certain restrictions under section 17 of the Investment Company Act of 1940.

*Accessibility of Market Data.* The Committee will review the regulations governing securities market data and other financial market databases, and consider proposals to improve the content and accessibility of market data, as well as to promote competition and efficiency in the provision of that data. This review will include

consideration of legislative proposals affecting the rights of users and publishers of financial market databases.

*Securities and Exchange Commission (SEC) Reauthorization and Review.* The Committee will review the budget request by the SEC and consider reauthorization of the Commission. In addition, the Committee will review the organizational structure of the Commission, including the functioning of each division, as well as the Office of Economic Analysis, to ensure the Commission is efficiently and effectively carrying out its mission to promote capital formation and protect investors.

*SEC Fees.* The Committee will consider proposals to reduce fees charged to securities markets participants. These fees, originally imposed to finance the SEC, have generated revenues exceeding the cost of running the agency by several times, effectively resulting in a tax on capital and a significant burden on investors.

*Social Security and Investor-Directed Retirement Accounts.* The Committee will examine proposals to reform Social Security by providing for investor-directed retirement accounts, and consider these proposals' impact on the capital markets and their implications for investors. The Committee will consider changes to the Federal securities laws to promote competition and ensure investor protection in connection with the creation of such investor-directed retirement accounts.

*Stock Options.* The Committee will examine the regulations governing the use of, and accounting for, stock options, and consider what improvements might be needed to enhance their utility for public companies and their investors and employees. In conducting this review, the Committee will consult, as appropriate, with other Committees.

*Investor Access to Initial Public Offerings.* The Committee will consider the allocation of IPOs and the efficiency and fairness of their allocation, including public access to IPOs as well as how IPO allocation affects the efficient promotion of capital formation.

*Technology in the Securities Markets.* The Committee will review the extent to which SEC regulations promote the efficient use of the Internet to provide investors access to information about investments, including prospectus delivery. The Committee will also review practices by, and regulations governing, on-line brokerage firms as well as questions raised by the use of the Internet and other new technologies in connection with securities transactions.

*New Investment Products.* The Committee will monitor developments in new mechanisms allowing investors to access the



securities markets online to ensure robust competition and continued investor protection.

*Decimal Trading.* The Committee will closely monitor and review the implementation of decimal pricing in the securities markets to ensure speedy and efficient implementation of decimal pricing throughout the securities marketplace, consistent with the goal of the Common Cents Stock Pricing Act of 1997.

*Mutual Fund Disclosure.* The Committee will monitor the implementation of new rules regarding disclosure of after-tax returns to mutual fund investors, as well as other disclosure requirements, to ensure these requirements maximize useful information for investors, consistent with efficiency and competition in the mutual fund marketplace.

*Bond Market.* The Committee will monitor the implementation of the Trade Reporting and Comparison Entry Service (TRACE) and consider methods to improve transparency and competition in the bond market.

*Self-Regulatory Organizations.* The Committee will examine the implications for competition in the marketplace of the existing SRO structures, in light of imminent public offerings by several SROs, as well as the implications to competition in the marketplace of SRO regulations, and the role of the SEC in overseeing those regulations.

*SEC Exemptive Authority.* The National Securities Markets Improvement Act of 1996 provided new exemptive authority to the SEC. The Committee will monitor the Commission's use of this authority to promote more efficient regulation and greater competition in the marketplace, and to eliminate burdensome regulation.

*Commodity Futures Modernization Act Implementation.* The Committee will review the implementation of the Commodity Futures Modernization Act of 2000 to ensure the continued success of the U.S. derivatives markets and prevent unnecessary regulatory burdens on those markets. The Committee will monitor the actions of the SEC and the Commodities Futures Trading Commission (CFTC) to ensure the agencies' actions are consistent with the deregulatory spirit of the Act. In addition, the Committee will review disclosure and other requirements for the accounting of derivatives by financial institutions to ensure antifraud protections in place are consistent with investor protection, capital formation, competition, and efficiency in the securities markets.

*Accounting Standards: Protection Against Fraud and International Harmonization.* The Committee will review accounting standards and interpretations set forth by the Financial Accounting Standards Board as they pertain to anti-fraud provisions under the Federal securities laws,

including the accounting standards used for mergers and acquisitions. The Committee will also consider initiatives by the SEC and others to harmonize international accounting standards.

*Organized Crime and Securities Markets.* The Committee will examine issues relating to the integrity of the securities exchanges, including recent allegations of organized crime involvement in manipulating markets and defrauding individual investors.

*Investment Company Act of 1940 and the Employee Retirement Income Security Act (ERISA).* The Committee will examine regulatory inconsistencies between the Investment Company Act of 1940 and ERISA to determine what legislative or other changes are necessary to improve the effectiveness of each of those Acts for mutual fund investors. In conducting this review, the Committee will consult, as appropriate, with other Committees.

#### INSURANCE

*Workers Compensation Insurance.* The Committee will examine the current state of workers compensation insurance to determine the reasonableness of the types of claims and charges being made, and to consider whether further efficiencies or anti-fraud mechanisms can be developed.

*Insurance Marketing.* The Committee will examine a number of consumer protection issues concerning the marketing of insurance products, potentially including the churning of life insurance, sales and marketing representations, coercion and pressure tactics, product bundling, excessive premium charges for credit insurance and mortgage insurance, and Internet marketing of insurance products.

*Insurance Solvency Regulation.* The Committee will examine the current accreditation program of the National Association of Insurance Commissioners (NAIC) that judges the adequacy of state insurance regulatory systems.

*Insurance Fraud.* The Committee will examine the efforts by the States, the NAIC, and other entities, to locate and fight insurance fraud, particularly in implementing reforms developed after the MartinFrankel scandal.

*NARAB Implementation.* The Committee will determine whether a sufficient number of States are implementing uniform or reciprocal insurance agency licensing rules as required under the National Association of Registered Agents and Brokers Title of GLB, and what further measures are necessary to promote uniformity in insurance licensing.

*Preemption of State Insurance Law.* The Committee will review any efforts by Federal agencies to preempt State laws governing insurance activities, and will also examine any controversial State insurance laws to ensure that they do not significantly interfere with Federally authorized powers of financial institutions.

*Insurance Product Approval.* The Committee will review the 50 State approval process for allowing new insurance products and forms to be admitted into the insurance markets.

*National Insurance Uniformity.* The Committee will review various alternatives for modernizing the regulation of insurance, including reform efforts by the NAIC, development of interstate and regional regulatory compacts, facilitation of nationwide state-run insurance regulation programs, proposals for an optional federal insurance charter, and other reforms for improving the efficiency and effectiveness of insurance regulation.

*Insurance Consumer Protections.* The Committee will examine the regulatory systems established by the States to protect consumers' insurance interests, such as efforts to prevent discrimination against victims of domestic violence, to ensure adequacy of reimbursement of overpayments that are the result of racial or gender discrimination, and to ensure that consumer policy rights and recovery procedures are fully protected. The Committee will also examine how consumer inquiries are recorded as part of consumer claim records.

*Seniors' Retirement Needs.* The Committee will review the insurance needs particular to those contemplating or currently in retirement, including the use of annuities and other insurance pension programs, as well as nursing care insurance and other old age insurance programs.

*Class Action Insurance Litigation.* The Committee will review abuses in class action suits filed in the name of insurance policyholders, examining the reasonableness of fees and compensation awarded to determine whether the settlements have focused on the consumers' best interest. The Committee will also examine the effect of large awards in driving up costs for consumers and how such litigation affects the policymaking ability of State insurance regulators. As appropriate, the Committee will consult with other Committees in reviewing these issues.

#### FEDERAL AGENCIES/AGENCY PROGRAM ISSUES

*Government Sponsored Enterprises (GSEs).* The Committee will continue its comprehensive review of the three housing GSEs – Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. Areas to be covered include: (1) review of implementation by Fannie Mae and

Freddie Mac of their October 2000 voluntary agreement to enhance market discipline and transparency; (2) the governmental structure and authorities for conducting safety and soundness and mission regulation; and (3) new leverage and risk-based capital rules.

*Management/Reform of the Federal Reserve System.* The Committee will conduct oversight of the operations of the Federal Reserve System, such as the System's role in providing financial services as well as its management structure and consolidation of operations, use of technology, control and oversight mechanisms, budget processes, pay and benefit levels, and systemwide strategic planning.

*Corrections Recommended by the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and Office of Thrift Supervision (OTS).* The Committee will consider a number of technical and other corrective changes recommended by the FDIC, OCC, and OTS to the Federal Deposit Insurance Act (FDIA), the International Banking Act of 1978, the National Bank Act, the Home Owners' Loan Act (HOLA), and other banking laws relating to FDIC, OCC, and OTS authorities in the area of contracting, foreign banks, resolution of insured depository institutions, and other issues.

*Management of the Nation's Money: Activities of the Bureau of the Mint and the Bureau of Engraving and Printing (BEP).* The Committee will oversee the activities of these Treasury bureaus as they relate to the printing and production of U.S. currency and the financing and minting of circulating and commemorative coins. The Committee will review the efficiency and productivity of Mint and BEP manufacturing operations, as well as the Numismatic Public Enterprise Fund. Technical changes to the authorizing statute for the latter will also be considered.

*Anti-Fraud Agency Coordination Efforts.* The Committee will examine the efforts of the financial services regulators to coordinate their anti-fraud efforts, including disciplinary records and other consumer protection records.

*Central Liquidity Facility.* The Central Liquidity Facility (CLF), a government corporation managed by the NCUA, is a valuable source of loans for meeting the seasonal and emergency liquidity needs of credit unions. The CLF borrows from the Treasury Department's Federal Financing Bank, though Congress has imposed borrowing and lending caps. Last year, the General Accounting Office (GAO) audited CLF operations and raised some questions. Subsequently, the conference report accompanying the FY 2001 VA-HUD appropriations bill directed

the NCUA to develop policies and procedures to clarify credit union access to the CLF. The Committee may conduct an oversight hearing or other activities relating to the CLF in preparation for advising the Appropriations Committee on CLF-related decisions.

*Farm Credit Administration's National Charter Initiative.* In consultation with other Committees, the Financial Services Committee will continue to monitor the GSE-related issues involved in the Farm Credit Administration's national charter initiative.

*Reports of Inspectors General or Other Investigative Agencies.* The Committee will review and, where appropriate, hold hearings on the findings of investigations and audits conducted by the GAO and the Inspectors General of the agencies that fall within the Committee's jurisdiction.

*Government Performance and Results Act.* The Committee will continue to review the strategic plans, annual performance plans, and annual performance reports of departments and agencies under its jurisdiction.

#### HOUSING ISSUES

*Mortgage Finance Reform/Real Estate Settlement Procedures Act/Truth-in-Lending Act/Predatory Lending.* The Committee may conduct hearings on comprehensive mortgage finance reform to address the evolution of mortgage finance for the 21<sup>st</sup> century and to assess what regulatory and statutory changes are necessary to curb predatory lending practices. As the financial services industry adapts to technological changes and consolidation of services, outdated statutes, such as the Real Estate Settlement Procedures Act (RESPA) and the Truth in Lending Act (TILA), should be reexamined. In the area of predatory lending, the Committee will review regulatory initiatives and the application of laws, such as the Home Ownership and Equity Protection Act, in order to distinguish between subprime lending activity, which provides needed capital for many historically underserved consumers, and the abusive practices associated with predatory lending.

*HUD Management Reform and Staffing.* The Committee will conduct a comprehensive review of the management reform initiatives implemented in the past five years. Between 1994 and 2001, all programs of the Department of Housing and Urban Development (HUD) were designated by GAO as being at "high risk" for waste, fraud, and abuse. However, on January 17, 2001, GAO reported a reduction in the number of HUD programs deemed to be high-risk due to HUD's improvement in Community Development Block Grant (CDBG)

management controls. Yet GAO cited continuing, significant weaknesses in two of the department's major programs – the single-family mortgage insurance and the rental housing assistance programs. The report also noted management challenges related to information and financial management data systems and staffing. The significant weaknesses cover approximately 70% of HUD's programs and involve potential liabilities up to \$454 billion in the single-family portfolio and excess subsidy rental payments up to \$3.1 billion over the last four years.

*HUD Related Reauthorizations.* The Committee will review, for appropriate action, expired – and expiring – authorizations relating to HUD.

*HUD Federal Housing Administration (FHA) Mutual Mortgage Insurance Fund Capital Ratio Standards.* The Committee will review the Mutual Mortgage Insurance Fund capital ratio standards to assess whether current ratio requirements are appropriate. In 1990, Congress enacted legislation requiring a capital ratio of 2% by 2000. While the fund reached 2% by 1995 in the midst of an economic expansion and a fund reserve of \$16 billion, the 2% ratio requirement was established arbitrarily. In the 106<sup>th</sup> Congress, the Subcommittee on Housing and Community Opportunity asked GAO to review the adequacy of the capital ratio standards. GAO is scheduled to report to the Committee by late February and the Committee will evaluate the report at that time.

*Private Mortgage Insurance (PMI).* The Committee will review the effectiveness of laws requiring cancellation of private mortgage insurance once certain equity thresholds are achieved. The Committee will also review the ability of the Federal Housing Administration to grant similar consumer rights and will consider whether further consumer disclosures are appropriate.

*Real Estate Activities.* The Committee will review the benefits and concerns relating to the entrance of financial services firms and Internet firms into the real estate agency markets.

*Minorities and Homeownership.* The Committee will conduct hearings to review homeownership rates, particularly for underserved markets, e.g., minorities, inner-city neighborhoods, and women. The overall homeownership rate is approximately 68%; however, the average homeownership rate for African Americans is in the 40<sup>th</sup> percentile and Hispanics register as low as the 20<sup>th</sup>. The Committee will focus on homeownership disparity in order to fine-tune government policies, practices, and incentives that may preclude successful lending and ownership.

*Flood Insurance.* The Committee will review the National Flood Insurance Program (NFIP) and the implementation of reforms initiated by the Riegle Community Development and Regulatory Improvement Act of 1994 (Public Law 103-325). The Committee will also review the recently submitted Federal Emergency Management Agency reports addressing subsidy reductions and repetitive losses.

*Catastrophic Insurance Protection.* The Committee will review the current and projected future ability of the insurance industry to survive a catastrophic natural disaster, and will examine the solvency of various state disaster pools and other disaster solvency programs.

*Rural Housing Prepayment.* The Committee will review the rural multifamily rental program and specific housing laws prohibiting prepayment of the debt of government-financed mortgage loans. Banning prepayment of the loan provides a disincentive for private investors to sponsor multifamily rental development for rural low or very-low income tenants.

*CDBG/HOME Oversight.* The Committee will review the CDBG program and the Home Investments Partnerships Act (HOME) to assess the impact of funds in low- and very-low income neighborhoods. Given GAO's assessment that these programs are not at high risk for waste, fraud, and abuse, the Committee will focus on management and operation of the programs, including the timely expenditure of CDBG funds. As of February 2000, according to GAO, 239 of the over 950 entitlement grantees had unexpended balances that were excessive and represented approximately \$1.6 billion. These two programs will be reviewed in connection with consideration of their reauthorization.

*Oversight of the Puerto Rico Public Housing Authority.* The Committee will review measures taken by HUD to correct widespread abuse in contracting and program management uncovered at the Puerto Rico Public Housing Authority, the second-largest public housing authority in the country. In July 2000, HUD's Inspector General wrote to Congress and expressed serious concern with the adequacy of the measures HUD had taken to address the waste and loss of Federal funds by the Puerto Rico Public Housing Authority.

*Oversight of HUD's Real Estate Assessment Center (REAC) and Public Housing Assessment System (PHAS).* The Committee will review the functions of HUD's REAC and PHAS assessment programs. REAC and PHAS have been severely criticized for being unduly complex and unworkable from a management perspective. In 2000, the Department maintained that initial barriers to the implementation of REAC and

PHAS were adequately addressed. However, the Committee continues to be concerned about complaints received from public housing authorities.

#### CURRENCY AND PAYMENT SYSTEM ISSUES

*Electronic Commerce and Payment Systems.* The Committee will continue to assess the domestic and international implications of new innovations in electronic money and electronic payment systems. Among the issues the Committee may examine are soundness, security, privacy, access to new electronic payment methods, eligibility criteria for issuing new payment methods, competing government regulation, and threats posed to critical infrastructures such as the payments system.

*Counterfeiting.* The Committee will continue its review of efforts to detect and combat the counterfeiting of U.S. currency in the United States and abroad.

*Dollar Coin.* The Committee will examine issues relating to the introduction in 2000 of the new one-dollar coin, including U.S. Mint production-allocation decisions, a true unit cost of production, management of the program throughout its life to date, the type and nature of fees paid for the design of the coin, and the Mint's expenditures on outside advertising and public relations firms for this and other initiatives.